National Inventory Management Strategy (NIMS) Initiatives

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Collocated Depot Inventory Reduction

Background:

- DLA Proposed Reduction of Duplicative Inventory at Collocated Depots
  - Army Maintains Approximately $16M of Duplicate Inventory
  - Army Owned, DLA Source of Supply, Stored at DLA Depot
- Air Force Inventory Efficiency Pilot (PBD 422 Initiative) Currently Underway to Reduce Similar Inventories
  - Tinker AFB Pilot has Attrited $2M Since Jul 03

Collocated Depot Inventory Reduction

On-Going Actions:

- Currently Evaluating Depot Stockage
- Pilot Location under Evaluation
- Coordinate DLA Stockage with DDC Stock Positioning IPT
- Establish Target NSNs
- Establish Metrics
- Developing Pilot Timeline with AMC

⇨ Next Step:

- ⇨ 11 Dec Meeting at Anniston
- ⇨ Focus on Target Inventories

AMC/DLA "Close-the-Loop" (Wal-Mart) Pilot

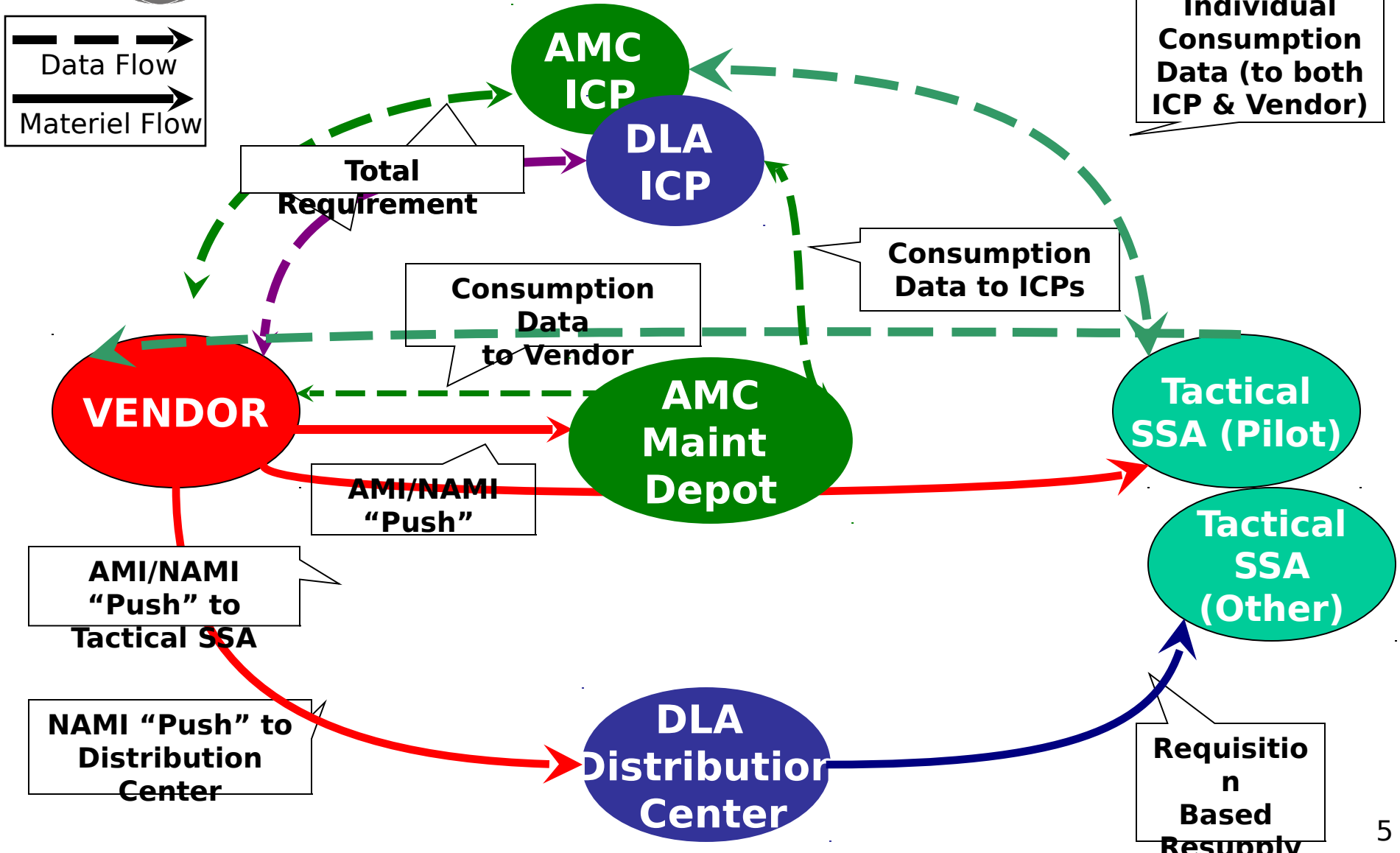
Background:

- OSD Directed Pilot (Army, DLA, TRANSCOM)
- Demonstrate a "Wal-Mart" Like System
  - Vendor(s) Replenish Supply Chain based on Consumption Data

Concept:

- Provide Consumption Data directly to Vendor
- Vendor Automatically "Pushes" Replenishment Based on Consumption (Visibility via DPMS)
- Three Locations to be Piloted
  - Tactical SSA, AMC Maint Depot, DLA Distr Depot

Proposed Pilot Model



AMC/DLA "Close-the-Loop" (Wal-Mart) Pilot

On-Going Actions:

- Initial Process Action Team Meeting – 2-3 Dec
- Development and Synchronization of Pilot Concept
- NSN Selection -- Limited Population; Sole-Sourced
- Vendor Selection and Coordination
- Metrics Development

⇨ NEXT STEPS:

⇨ Discussions with Wal-Mart Management